

**UNIFIED SCHOOL DISTRICT NO. 409**  
Atchison, Kansas

**REGULATORY BASIS  
FINANCIAL STATEMENTS**  
For the year ended June 30, 2013

And

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

...***KL***...

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## USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
General Funds							
General	\$ -	-	\$ 10,638,252	\$ 10,638,252	\$ -	\$ -	\$ -
Supplemental General	166,423	-	3,502,531	3,563,061	105,893	-	105,893
Special Purpose Funds							
4-year old at risk	38,566	-	66,852	66,852	38,566	-	38,566
K-12 at risk	222,569	-	3,109,094	2,984,094	347,569	-	347,569
Bilingual Education	-	-	400	400	-	-	-
Capital outlay	1,952,478	-	454,080	294,931	2,111,627	-	2,111,627
Driver education	8,761	-	8,102	6,499	10,364	-	10,364
Food service	331,582	-	900,490	900,578	331,494	-	331,494
KPERS special retirement contribution	-	-	1,008,238	1,008,238	-	-	-
Professional development	228,678	-	5,308	59,992	173,994	-	173,994
Parent education	-	-	17,300	17,300	-	-	-
Special education	839,015	-	3,402,730	3,277,730	964,015	-	964,015
Vocational education	73,047	-	269,743	264,743	78,047	-	78,047
Gifts and grants	79,336	-	25,386	36,594	68,128	-	68,128
Contingency reserve	1,069,630	-	-	-	1,069,630	-	1,069,630
Textbook rental	287,509	-	196,109	90,309	393,309	-	393,309
Title I	1,650	-	448,218	449,868	-	-	-
Book Grant	-	-	1,324	1,324	-	-	-
Title IIA	8,944	-	101,511	110,455	-	-	-
Carl Perkins	-	-	18,476	18,476	-	-	-
Title IID	11,073	-	27,800	38,873	-	-	-
Gate receipts	11,052	-	78,917	80,360	9,609	-	9,609
District activity funds	99,475	-	165,961	170,737	94,699	-	94,699
Debt service fund:							
Bond and interest	1,772,766	-	1,957,814	1,745,185	1,985,395	-	1,985,395
Capital Project:							
Bond Proceeds	-	-	1,179,376	1,179,133	243	-	243
Total primary government	7,202,554	-	27,584,012	27,003,984	7,782,582	-	7,782,582
Component unit:							
Atchison Recreation Commission: General	202,963	-	387,964	364,218	226,709	-	226,709
Atchison Recreation Commission: Employee Benefit	35,336	-	68,103	64,451	38,988	-	38,988
Total component unit	238,299	-	456,067	428,669	265,697	-	265,697
Total reporting entity (excluding agency funds)	7,440,853	-	28,040,079	27,432,653	8,048,279	-	8,048,279
Composition of Cash							
Checking Accounts							\$ 7,852,718
Petty Cash							-
Total Component Unit							265,697
Total Cash							8,118,415
Agency Funds per Statement 4							70,136
Total Reporting Entity							\$ 8,048,279

The notes to the financial statements are an integral part of this statement.



***Karlin & Long, LLC***  
***Certified Public Accountants***

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 409  
Atchison, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 409, Atchison, Kansas ("Municipality") as of and for the year ended June 30, 2013, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 409, Atchison, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 409, Atchison, Kansas as of June 30, 2013, or changes in financial position and cash flows thereof for the year then ended.

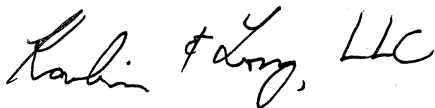
***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 409, Atchison, Kansas (“Municipality”) as of June 30, 2013, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with “Government Auditing Standards”, we have also issued our report dated September 6, 2013, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the 2013 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
September 28, 2013

USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ -	\$ -	\$ 10,638,252	\$ 10,638,252	\$ -	\$ -	\$ -
Supplemental General	166,423	-	3,502,531	3,563,061	105,893	-	105,893
Special Purpose Funds							
4-year old at risk	38,566	-	66,852	66,852	38,566	-	38,566
Bilingual Education	222,569	-	3,109,094	2,984,094	347,569	-	347,569
Capital outlay	-	-	400	400	-	-	-
Driver education	1,952,478	-	454,080	294,931	2,111,627	-	2,111,627
Food service	8,761	-	8,102	6,499	10,364	-	10,364
KPIERS special retirement contribution	331,582	-	900,490	900,578	331,494	-	331,494
Professional development	-	-	1,008,238	1,008,238	-	-	-
Parent education	228,678	-	5,308	59,992	173,994	-	173,994
Special education	-	-	17,300	17,300	-	-	-
Vocational education	839,015	-	3,402,730	3,277,730	964,015	-	964,015
Gifts and grants	73,047	-	269,743	264,743	78,047	-	78,047
Contingency reserve	79,336	-	25,386	36,594	68,128	-	68,128
Textbook rental	1,069,630	-	-	-	1,069,630	-	1,069,630
Title I	287,509	-	196,109	90,309	393,309	-	393,309
Book Grant	1,650	-	448,218	449,868	-	-	-
Title IIA	-	-	1,324	1,324	-	-	-
Carl Perkins	8,944	-	101,511	110,455	-	-	-
Title IID	-	-	18,476	18,476	-	-	-
Gate receipts	11,073	-	27,800	38,873	-	-	-
District activity funds	11,052	-	78,917	80,360	9,609	-	9,609
Debt service fund:	99,475	-	165,961	170,737	94,699	-	94,699
Bond and interest	1,772,766	-	1,957,814	1,745,185	1,985,395	-	1,985,395
Capital Project:							
Bond Proceeds	-	-	1,179,376	1,179,133	243	-	243
Total primary government	7,202,554	-	27,584,012	27,003,984	7,782,582	-	7,782,582
Component unit:							
Atchison Recreation Commission: General	202,963	-	382,957	372,964	212,956	-	212,956
Atchison Recreation Commission: Employee Benefit	35,336	-	77,076	64,992	47,420	-	47,420
Total component unit	238,299	-	460,033	437,956	260,376	-	260,376
Total reporting entity (excluding agency funds)	7,440,853	-	28,044,045	27,441,940	8,042,958	-	8,042,958
Composition of Cash							
Checking Accounts							\$ 7,852,718
Petty Cash							-
Total Component Unit							260,376
Total Cash							8,113,094
Agency Funds per Statement 4							70,136
Total Reporting Entity							\$ 8,042,958

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

USD No.409 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.409 (b) organizations for which USD No. 409 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.409 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission USD No. 409 Recreation Commission oversees recreational activities. The Recreation commission operates a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift. The accounting policies of the USD No. 409 Recreation Commission are the same as those of the District.

**Fund Descriptions**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2013:

**Governmental Funds**

General Fund– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

**Special Purpose Funds** – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes

**Bond and Interest Funds** – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Funds** – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

**Fiduciary Funds**

**Agency Funds** – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Reimbursed Expenses**

Expenditures in the amount of \$ 117,911 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year 2013.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Book Grant	Title IIA Fund
Carl Perkins	Contingency Reserve Fund
District Activity Funds	Textbook Rental Fund
Title I Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2013.

**Concentration of Credit Risk**

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance

or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2013, the government's carrying amount of deposits was \$ 8,042,958 and the bank balance was \$ 9,233,458. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (Continued)**

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 3 – In-Substance Receipt in Transit**

The district received \$ 88,7858 subsequent to June 30, 2013 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2013.

**NOTE 4 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 409 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 6 – Stewardship, Compliance and Accountability**

There were no violations noted of Kansas Statutes for the period under examination.

**NOTE 7 – Compensated Absences**

Full time, twelve month, non-certified employees earn ten days of vacation time per year. After twelve years, fifteen days of vacation time are earned per year. Vacation time does not accumulate. Sick and emergency leave is accrued at the rate of one day per month worked during the year for all employees, with a maximum accumulation of ninety days. Any days accumulated over ninety are paid the following year at 65% of the beginning pay scale rates. Such pay is made in November after the end of the fiscal year. Certified staff members who retire and apply for KPERS receive their unused sick and emergency leave at their daily rate. The district has not computed or recorded the liability at year end.

**NOTE 8 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2013, the statutory limit for the district was \$11,954,122 thus creating excess indebtedness of \$ 4,185,878. The outstanding bond principal represents 18.90% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation on February 11, 2003.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

**NOTE 10 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Vocational Education Fund	K.S.A 72-6428	\$ 5,000
General Fund	Textbook Fund	K.S.A 72-6428	100,000
General Fund	Professional Dev. Fund	K.S.A 72-6428	5,308
General Fund	Bilingual Education	K.S.A 72-6428	400
General Fund	Capital Outlay Fund	K.S.A 72-6428	11,789
General Fund	Special Education Fund	K.S.A 72-6428	2,026,822
General Fund	At Risk Fund K-12	K.S.A 72-6428	1,170,592
Supplemental General Fund	At Risk Fund K-12	K.S.A 72-6428	1,938,502
Supplemental General Fund	At risk Fund (4 year olds)	K.S.A 72-6433	66,852
Supplemental General Fund	Special Education Fund	K.S.A 72-6433	706,417
Supplemental General Fund	Vocational Education Fund	K.S.A 72-6433	264,743
Supplemental General Fund	Parent Education Fund	K.S.A 72-6433	17,300

**NOTE 11 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – Other Post Employment Benefits (Continued)**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 12 – Prior Period Adjustment**

Following the requirements of a technical amendment to the 2011 Kansas Municipal Audit Guide, which governs the format and accounting for this financial statement, beginning unencumbered balances have been restated from (\$817,755) to \$-0- in the General Fund and from \$73,175 to \$166,423 in the Supplemental General Fund. The technical amendment is following the statutory state aid revenue recognition as required by K.S.A. 72-6417(d) and K.S.A. 72-6434(d). The state aid payment that is received subsequent to the end of the fiscal year is recorded as on in substance receipt in transit and included as a receipt for the fiscal year that matches the budget to which it applies. The balances have been adjusted for this change in policy.

**NOTE 13 – Subsequent Events**

Subsequent events for management's review have been evaluated through September 28, 2013. The date in the prior sentence is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

**Note 14 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2013 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2003	3.40%	6/1/03	\$ 9,850,000	9/1/17	\$ 3,025,000	\$	\$ 205,000	\$ (205,000)	\$ 2,820,000	\$ 99,338
Series 2004	4.40%	8/1/04	5,150,000	9/1/22	4,800,000		95,000	(95,000)	4,705,000	206,548
Series 2011	3.00%	6/3/11	3,385,000	9/1/22	3,385,000		850,000	(850,000)	2,535,000	88,800
Series 2011-B	3.00%	12/15/11	6,145,000	9/1/22	6,145,000		65,000	(65,000)	6,080,000	183,375
<b>Leases</b>										
Computer Equipment	0.09%	4/15/12	386,342	4/15/15	288,455		95,291	(95,291)	193,164	2,596
<b>Total Long Term Debt</b>					<u>\$ 17,643,455</u>	<u>\$ 0</u>	<u>\$ 1,310,291</u>	<u>\$ (1,310,291)</u>	<u>\$ 16,333,164</u>	<u>\$ 580,657</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2014	2015	2016	2017	2018	2019-2023	Total
<b>Principal</b>							
General Obligation Bonds	\$ 1,180,000	\$ 1,260,000	\$ 1,335,000	\$ 1,465,000	\$ 1,560,000	\$ 9,340,000	\$ 16,140,000
Special Assessment Bonds							-
Certificates of Participation							-
Capital Leases	96,149	97,015					193,164
Revenue Bonds							-
KDHE Loans							-
Temporary Notes							-
<b>Total Principal</b>	<u>1,276,149</u>	<u>1,357,015</u>	<u>1,335,000</u>	<u>1,465,000</u>	<u>1,560,000</u>	<u>9,340,000</u>	<u>16,333,164</u>
<b>Interest</b>							
General Obligation Bonds	540,494	501,841	458,557	409,149	353,932	859,186	3,123,159
Special Assessment Bonds							-
Certificates of Participation							-
Capital Leases	1,738	873					2,611
Revenue Bonds							-
KDHE Loans							-
Temporary Notes							-
<b>Total Interest</b>	<u>542,232</u>	<u>502,714</u>	<u>458,557</u>	<u>409,149</u>	<u>353,932</u>	<u>859,186</u>	<u>3,125,770</u>
<b>Total Principal and Interest</b>	<u>\$ 1,818,381</u>	<u>\$ 1,859,729</u>	<u>\$ 1,793,557</u>	<u>\$ 1,874,149</u>	<u>\$ 1,913,932</u>	<u>\$ 10,199,186</u>	<u>\$ 19,458,934</u>

**Unified School District No. 409, Atchison Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2013**

## USD #409 ATCHISON, KANSAS

Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
<b>Governmental Type Funds</b>						
General fund	\$ 10,702,263	\$ (181,922)	\$ 117,911	\$ 10,638,252	\$ 10,638,252	\$ -
Supplemental General	3,619,310	(56,249)	0	3,563,061	3,563,061	0
<b>Special Purpose Funds</b>						
4-year old at risk	114,236	0	0	114,236	66,852	(47,384)
K-12 at risk	3,347,618	0	0	3,347,618	2,984,094	(363,524)
Bilingual Education	2,000	0	0	2,000	400	(1,600)
Capital outlay	2,218,308	0	0	2,218,308	294,931	(1,923,377)
Driver education	19,010	0	0	19,010	6,499	(12,511)
Food service	1,292,270	0	0	1,292,270	900,578	(391,692)
KPERS special retirement contribution	1,118,292	0	0	1,118,292	1,008,238	(110,054)
Professional development	228,678	0	0	228,678	59,992	(168,686)
Parent education	17,300	0	0	17,300	17,300	0
Special education	4,239,339	0	0	4,239,339	3,277,730	(961,609)
Vocational education	353,928	0	0	353,928	264,743	(89,185)
Gifts and grants	154,336	0	0	154,336	36,594	(117,742)
Bond and interest	1,793,060	0	0	1,793,060	1,745,185	(47,875)
<b>Component Units</b>						
Atchison Recreation Commission: General	400,265	0	0	400,265	372,964	(27,301)
Atchison Recreation Commission: Employee Benefit	71,600	0	0	71,600	64,992	(6,608)

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,294,177	\$ 1,282,977	\$ 11,200
Delinquent tax	26,014	14,697	11,317
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	9,200,150	9,404,589	(204,439)
Charges for services			-
Interest income			-
Miscellaneous revenues	117,911		117,911
Operating transfers			-
	<u>10,638,252</u>	<u>10,702,263</u>	<u>(64,011)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	3,574,262	3,384,306	189,956
Student support services	257,021	266,943	(9,922)
Instruction support staff	112,227	121,114	(8,887)
General administration	428,792	431,826	(3,034)
School administration	829,297	882,386	(53,089)
Operations and maintenance	1,522,366	1,817,085	(294,719)
Student transportation services	419,216	495,630	(76,414)
Central support services			-
Other support services	75,160	75,274	(114)
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	3,419,911	3,227,699	192,212
Adjustment to comply with legal max		(181,922)	181,922
Adjustment for qualifying budget credits		117,911	(117,911)
	<u>10,638,252</u>	<u>\$ 10,638,252</u>	<u>\$ -</u>
Total Expenditures			
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>-</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,652,508	\$ 1,986,322	\$ (333,814)
Delinquent tax	38,266	17,762	20,504
Motor vehicle tax	177,789	163,568	14,221
RV tax	1,373	1,343	30
Mineral production tax			-
Federal grants			-
State aid/grants	1,632,595	1,679,360	(46,765)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>3,502,531</u>	<u>3,848,355</u>	<u>(345,824)</u>
EXPENDITURES			
Instruction	207,812	211,077	(3,265)
Student support services			-
Instruction support staff	200,347	208,532	(8,185)
General administration			-
School administration	94,066	110,000	(15,934)
Operations and maintenance	67,022	67,500	(478)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,993,814	3,022,201	(28,387)
Adjustment to comply with legal max		(56,249)	56,249
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,563,061</u>	<u>\$ 3,563,061</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(60,530)		
Unencumbered Cash, Beginning	166,423		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 105,893</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (4-year old)  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>66,852</u>	<u>75,670</u>	<u>(8,818)</u>
Total Cash Receipts	<u>66,852</u>	<u>75,670</u>	<u>(8,818)</u>
EXPENDITURES			
Instruction	66,852	114,236	(47,384)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>66,852</u>	<u>\$ 114,236</u>	<u>\$ 47,384</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	38,566		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 38,566</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (K-12)  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>3,109,094</u>	<u>3,125,049</u>	<u>(15,955)</u>
Total Cash Receipts	<u>3,109,094</u>	<u>3,125,049</u>	<u>(15,955)</u>
<b>EXPENDITURES</b>			
Instruction	2,614,096	2,737,947	(123,851)
Student support services	140,960	147,060	(6,100)
Instruction support staff	89,084	92,331	(3,247)
General administration			-
School administration	111,407	114,476	(3,069)
Operations and maintenance	28,547	255,804	(227,257)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>2,984,094</u>	<u>\$ 3,347,618</u>	<u>\$ 363,524</u>
Receipts Over (Under) Expenditures	125,000		
Unencumbered Cash, Beginning	222,569		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 347,569</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 BILINGUAL EDUCATION  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>400</u>	<u>2,000</u>	<u>(1,600)</u>
Total Cash Receipts	<u>400</u>	<u>2,000</u>	<u>(1,600)</u>
EXPENDITURES			
Instruction	400	2,000	(1,600)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>400</u>	<u>\$ 2,000</u>	<u>\$ 1,600</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
CAPITAL OUTLAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 220,557	\$ 218,881	\$ 1,676
Delinquent tax	6,294	2,497	3,797
Motor vehicle tax	27,778	25,304	2,474
RV tax	212	208	4
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income	15,127	9,000	6,127
Miscellaneous revenues	72,323	10,000	62,323
Operating transfers	111,789		111,789
Total Cash Receipts	454,080	265,890	188,190
EXPENDITURES			
Instruction	126,761	601,242	(474,481)
Student support services			-
Instruction support staff			-
General administration			-
School administration		37,066	(37,066)
Operations and maintenance	168,140	1,450,000	(1,281,860)
Student transportation services	30	80,000	(79,970)
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services		50,000	(50,000)
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	294,931	\$ 2,218,308	\$ (1,923,377)
Receipts Over (Under) Expenditures	159,149		
Unencumbered Cash, Beginning	1,952,478		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ 2,111,627		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 DRIVER TRAINING FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	2,139	2,250	(111)
Charges for services	5,963	8,000	(2,037)
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>8,102</u>	<u>10,250</u>	<u>(2,148)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	6,469	17,990	(11,521)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	30	1,020	(990)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>6,499</u>	<u>\$ 19,010</u>	<u>\$ 12,511</u>
Total Expenditures			
Receipts Over (Under) Expenditures	1,603		
Unencumbered Cash, Beginning	8,761		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 10,364</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 FOOD SERVICE FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	621,464	611,799	9,665
State aid/grants	8,673	8,792	(119)
Charges for services	270,353	340,097	(69,744)
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>900,490</u>	<u>960,688</u>	<u>(60,198)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance		207,412	(207,412)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations	900,578	1,084,858	(184,280)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>900,578</u>	<u>\$ 1,292,270</u>	<u>\$ 391,692</u>
<b>Total Expenditures</b>	<u>900,578</u>	<u>\$ 1,292,270</u>	<u>\$ 391,692</u>
Receipts Over (Under) Expenditures	(88)		
Unencumbered Cash, Beginning	331,582		
Prior Year Cancelled Encumbrances	-		
	<u>331,582</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 331,494</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>5,308</u>		<u>5,308</u>
Total Cash Receipts	<u>5,308</u>	<u>-</u>	<u>5,308</u>
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff	59,992	228,678	(168,686)
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>59,992</u>	<u>\$ 228,678</u>	<u>\$ 168,686</u>
Receipts Over (Under) Expenditures	(54,684)		
Unencumbered Cash, Beginning	228,678		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 173,994</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
PARENT EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>17,300</u>	<u>17,300</u>	<u>-</u>
Total Cash Receipts	<u>17,300</u>	<u>17,300</u>	<u>-</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services	17,300	17,300	-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>17,300</u>	<u>\$ 17,300</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
SPECIAL EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	669,491	603,924	65,567
State aid/grants		45,000	(45,000)
Charges for services			-
Interest income			-
Miscellaneous revenues		2,400	(2,400)
Operating transfers	<u>2,733,239</u>	<u>2,749,000</u>	<u>(15,761)</u>
Total Cash Receipts	<u>3,402,730</u>	<u>3,400,324</u>	<u>2,406</u>
EXPENDITURES			
Instruction	2,395,010	3,285,983	(890,973)
Student support services	623,010	667,217	(44,207)
Instruction support staff			-
General administration	115,714	119,201	(3,487)
School administration			-
Operations and maintenance			-
Student transportation services	143,996	166,938	(22,942)
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,277,730</u>	<u>\$ 4,239,339</u>	<u>\$ (961,609)</u>
Receipts Over (Under) Expenditures	125,000		
Unencumbered Cash, Beginning	839,015		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 964,015</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 VOCATIONAL EDUCATION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>269,743</u>	<u>280,881</u>	<u>(11,138)</u>
Total Cash Receipts	<u>269,743</u>	<u>280,881</u>	<u>(11,138)</u>
EXPENDITURES			
Instruction	264,743	353,928	(89,185)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>264,743</u>	<u>\$ 353,928</u>	<u>\$ (89,185)</u>
Receipts Over (Under) Expenditures	5,000		
Unencumbered Cash, Beginning	73,047		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 78,047</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 GIFTS AND GRANTS FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	25,386	75,000	(49,614)
Operating transfers			-
	<u>25,386</u>	<u>75,000</u>	<u>(49,614)</u>
Total Cash Receipts	<u>25,386</u>	<u>75,000</u>	<u>(49,614)</u>
<b>EXPENDITURES</b>			
Instruction	34,516	151,336	(116,820)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	2,078	3,000	(922)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>36,594</u>	<u>\$ 154,336</u>	<u>\$ (117,742)</u>
Total Expenditures	<u>36,594</u>	<u>\$ 154,336</u>	<u>\$ (117,742)</u>
Receipts Over (Under) Expenditures	(11,208)		
Unencumbered Cash, Beginning	79,336		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>68,128</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - GENERAL FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 234,784	\$ 203,591	\$ 31,193
Delinquent tax	5,292	2,441	2,851
Motor vehicle tax	26,505	24,200	2,305
RV tax	203	198	5
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services	120,386	78,000	42,386
Interest income			-
Miscellaneous revenues	794		794
Operating transfers			-
Total Cash Receipts	<u>387,964</u>	<u>308,430</u>	<u>79,534</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	364,218	400,265	(36,047)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>364,218</u>	<u>\$ 400,265</u>	<u>\$ (36,047)</u>
Receipts Over (Under) Expenditures	23,746		
Unencumbered Cash, Beginning	202,963		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 226,709</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - EMPLOYEE BENEFITS FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 60,762	\$ 53,066	\$ 7,696
Delinquent tax	1,332	734	598
Motor vehicle tax	5,962	5,603	359
RV tax	47	46	1
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>68,103</u>	<u>59,449</u>	<u>8,654</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	64,451	71,600	(7,149)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>64,451</u>	<u>71,600</u>	<u>(7,149)</u>
<b>Total Expenditures</b>	<u>64,451</u>	<u>\$ 71,600</u>	<u>\$ (7,149)</u>
 Receipts Over (Under) Expenditures	 3,652		
Unencumbered Cash, Beginning	35,336		
Prior Year Cancelled Encumbrances	<u>-</u>		
 Unencumbered Cash, Ending	 <u>\$ 38,988</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 BOND AND INTEREST FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,064,216	\$ 1,053,499	\$ 10,717
Delinquent tax	28,370	12,027	16,343
Motor vehicle tax	146,887	132,739	14,148
RV tax	1,117	1,089	28
Mineral production tax			-
Federal grants			-
State aid/grants	717,224	717,224	-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>1,957,814</u>	<u>1,916,578</u>	<u>41,236</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service	1,745,185	1,793,060	(47,875)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>1,745,185</u>	<u>\$ 1,793,060</u>	<u>\$ (47,875)</u>
Receipts Over (Under) Expenditures	212,629		
Unencumbered Cash, Beginning	1,772,766		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,985,395</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			448,218
State aid/grants			
Charges for services	196,109		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>196,109</u>	<u>-</u>	<u>448,218</u>
<b>EXPENDITURES</b>			
Instruction	65,523		449,868
Student support services			
Instruction support staff	24,786		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>90,309</u>	<u>-</u>	<u>449,868</u>
Receipts Over (Under) Expenditures	105,800	-	(1,650)
Unencumbered Cash, Beginning	287,509	1,069,630	1,650
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 393,309</u>	<u>\$ 1,069,630</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Book Grant</u>	<u>Title IIA</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants		101,511
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues	1,324	
Operating transfers		
	<u>1,324</u>	<u>101,511</u>
Total Cash Receipts		
<b>EXPENDITURES</b>		
Instruction	1,324	110,455
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>1,324</u>	<u>110,455</u>
Total Expenditures		
Receipts Over (Under) Expenditures	0	(8,944)
Unencumbered Cash, Beginning	0	8,944
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013

	<u>Carl Perkins</u>	<u>Title IID</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	18,476	27,800
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>18,476</u>	<u>27,800</u>
<b>EXPENDITURES</b>		
Instruction	17,553	38,873
Student support services		
Instruction support staff		
General administration	923	
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>          </u>	<u>          </u>
Total Expenditures	<u>18,476</u>	<u>38,873</u>
Receipts Over (Under) Expenditures	-	(11,073)
Unencumbered Cash, Beginning	-	11,073
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u>-</u>	\$ <u>-</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Atchison Middle School	\$ 5,633	\$	\$ 4,038	\$ 7,160	\$ 2,511	\$	\$ 2,511
Atchison High School	5,419		74,879	73,200	7,098		7,098
Total gate receipts	<u>\$ 11,052</u>	<u>\$ -</u>	<u>\$ 78,917</u>	<u>\$ 80,360</u>	<u>\$ 9,609</u>	<u>\$ -</u>	<u>\$ 9,609</u>
District Activity Funds							
Atchison High School							
Art-instructional	4,495		2,171	478	6,188		6,188
A+ program	199		356	324	231		231
Business	1,559		-	-	1,559		1,559
Counseling	67		744	706	105		105
Drama Club	16		3,000	3,000	16		16
Drama	6,499		10,601	10,526	6,574		6,574
Driver education	213		6,493	6,706	-		-
English	2,308		2,280	3,214	1,374		1,374
Faculty lounge	3,869		669	1,469	3,069		3,069
Food service miscellaneous	13		-	-	13		13
Forensics	557		2,256	1,336	1,477		1,477
Flags	168		-	-	168		168
Industrial arts-wood	1,586		3,456	1,918	3,124		3,124
FCA	248				248		248
Library	367		258	390	235		235
Math	7,300		2,184	1,047	8,437		8,437
Music-instrumental	-		638	4,983	638		638
Music-jazz	16		7,218		2,251		2,251
Newspaper-Optimist	286		-	-	286		286
Participation	60		1,972	1,942	90		90
Petty Cash	500		50	525	25		25
Positive behavior system	16		-	-	16		16
Redman restaurant	80		-	-	80		80
Robotics	50		386	144	292		292
Science	6,019		6,361	3,934	8,446		8,446
Social science	1,681		2,653	2,272	2,062		2,062
Technology	50		3,495	3,369	176		176
Textbook	55		7,836	7,744	147		147
Yearbook	2,169		4,686	63	6,792		6,792
Subtotal Atchison High School	<u>40,446</u>	<u>-</u>	<u>69,763</u>	<u>56,090</u>	<u>54,119</u>	<u>-</u>	<u>54,119</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Atchison Middle School</b>							
Admissions	\$ 19	\$	\$ 334	\$ 353	-	\$	-
All school fundraiser	-		1,663	1,663	-		-
Art	2,984		1,085	2,805	1,264		1,264
AMS Memory Book	1,816		1,806	2,056	1,566		1,566
AMS Reward	-				-		-
Faculty lounge	250		1,938	2,024	164		164
Honor choir	-		4,212	4,090	122		122
Instrumental fundraiser	755		1,168	732	1,191		1,191
Instrumental reimbursable	9		264	273	-		-
Library	266		2,482	1,531	1,217		1,217
Participation	-		3,050	3,050	-		-
Pay for Sports	12,336		11,080	15,459	7,957		7,957
Petty cash	500		-	500	-		-
Sped life skills	294		-		294		294
Staff development	819		-	324	495		495
Technology fee	491		892	1,328	55		55
Geny	248		1,064	990	322		322
Textbook enrollment	1,217		5,053	6,120	150		150
<b>Subtotal Atchison Middle School</b>	<b>22,004</b>	<b>-</b>	<b>36,091</b>	<b>43,298</b>	<b>14,797</b>	<b>-</b>	<b>14,797</b>
<b>Atchison Elementary School</b>							
Accelerated reader	443		520	327	636		636
Atchison Singers	825		2,171	2,041	955		955
Behavior award	892		-	892	-		-
Book fair	242		12,256	12,264	234		234
Community Club for staff	14,982		11,908	11,900	14,990		14,990
Community Club field trip	5,828		6,339	8,567	3,600		3,600
Petty Cash	500		300	800	-		-
General	6,253		13,114	15,782	3,585		3,585
Library	449		1,071	1,061	459		459
Participation	100		1,470	1,470	100		100
Pond	568		-	-	568		568
Special	4,638		929	5,136	431		431
Technology	375		2,215	2,465	125		125
Textbook	930		7,814	8,644	100		100
<b>Subtotal Atchison Elementary School</b>	<b>37,025</b>	<b>-</b>	<b>60,107</b>	<b>71,349</b>	<b>25,783</b>	<b>-</b>	<b>25,783</b>
<b>Total District Activity Funds</b>	<b>\$ 99,475</b>	<b>\$ -</b>	<b>\$ 165,961</b>	<b>\$ 170,737</b>	<b>\$ 94,699</b>	<b>\$ -</b>	<b>\$ 94,699</b>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2013

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities				
Revolving	\$ 39,195	\$ 104,774	\$ 98,434	\$ 45,535
Atchison High School				
Arts Club	478	94	342	230
Cheerleaders	2,697	12,384	14,083	998
Construction	131			131
Junior class	70	5,377	5,214	233
Sophomore class	1,519	2,054	2,032	1,541
Freshman class	668	1,255	1,218	705
Senior class	90	976	620	446
DECA club	178	10,694	8,944	1,928
Gentleman's/Ladies club	289	-	120	169
Kayettes	125	-	-	125
National Honor Society	257	983	1,049	191
Newspaper	448			448
Redmen Committee	484	398	-	882
Sash	647	4,251	4,589	309
FACS	789	270	620	439
SAFE	52			52
Sales Tax	104	448	175	377
Spanish Club	2,601	3,380	1,523	4,458
Student Council	24	250	242	32
RADD	195	122	161	156
YoDVD	719	498	60	1,157
Subtotal Atchison High School	12,565	43,434	40,992	15,007
Atchison Alternative School				
Activities	2,417	625	2,958	84
Subtotal Atchison Alternative School	2,417	625	2,958	84

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2013

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Atchison Middle School				
6th Grade Fundraise:	\$ -	\$ 1,618	\$ 893	\$ 725
7th Grade Fundraiser	1,297	4,134	5,431	-
8th Grade Fundraiser	510	4,506	5,016	-
Activity Fundraiser	1,507	454	249	1,712
Athletic Fundraiser	60	-	-	60
Gentleman's Club	34	293	277	50
Laminating film	551	45	370	226
Project Move	543	-	16	527
Science Olympiad	724	-	-	724
Spirit Squad	80	-	-	80
Sales Tax	68	-	10	58
Student Council	1,733	5,929	6,195	1,467
Subtotal Atchison Middle School	7,107	16,979	18,457	5,629
Atchison Elementary School				
Student Council	2,610	1,439	1,131	2,918
Gift Fund	52	829	881	-
Sales Tax	779	184	-	963
Subtotal Atchison Elementary School	3,389	2,452	2,012	3,881
Total	\$ 64,673	\$ 168,264	\$ 162,853	\$ 70,136

The notes to the financial statements are an integral part of this statement.



**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 409, Atchison, Kansas as of and for the year ended June 30, 2013, and have issued our report thereon dated September 28, 2013. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 409's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 409's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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(816) 858-3791

901 Kentucky Street, Suite 104  
Lawrence, Kansas 66044  
(785) 312-9091

Board of Education  
Unified School District No. 409  
Atchison, Kansas

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 409's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC  
Certified Public Accountants

September 28, 2013



**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Unified School District No. 336, Holton, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 409, Atchison, Kansas' major federal programs for the year ended June 30, 2013. Unified School District No. 409, Atchison, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Unified School District No. 409, Atchison, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 409, Atchison, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 409, Atchison, Kansas' compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, Unified School District No. 409, Atchison, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Unified School District No. 409, Atchison, Kansas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 409, Atchison, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Unified School District No. 409, Atchison, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 409, Atchison, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC  
Certified Public Accountants

September 28, 2013

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 476,018
EHC Flo-Thru	84.027	*	473,589
Program Improvement	84.048	*	18,476
EC Flo-Thru	84.173	*	21,758
Character Education Initiative	84.215	*	100
Title II - Teacher Quality	84.367	*	101,511
Title VI	84.369	*	103
Title XIX	93.778	*	174,144
<hr/> U.S. Department of Agriculture <hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast Program	10.553	*	128,890
National School Lunch Program	10.555	*	472,483
SFS - Food	10.559	*	20,092
Federal School Food Service	10.560	*	300
Fresh Fruits and Vegetables	10.582	*	<u>13,254</u>
Total Federal Assistance			<u><u>\$ 1,900,718</u></u>

\* Not available

The accompanying notes to financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2013

A. Summary of Audit Results

1. The auditor's report expresses a Adverse opinion on the financial statements of Unified School District #409 in accordance with Generally accepted Accounting Principles. The auditor's report expresses an Unqualified opinion on the financial statements in accordance with the regulatory basis.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #409 were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Unified School District #409 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #409 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
ECH Flo-Thru - CFDA #84.027, Title I - CFDA # 84.010, Food service cluster 10.553 to 10.582
7. Unified School District #409 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit

Department of Education

ECH Flo-Thru - CFDA #84.027, Title I - CFDA # 84.010, Food service cluster 10.553 to 10.582

The accompanying notes to financial statements are an integral part of this statement

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2013

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 409 Atchison, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 409 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2013

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 409 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I – CFDA # 84.010 and the ECH Flo-Thru - CFDA #84.027 have been determined by the independent auditor to be a major program.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.